

VZCZCXRO4439  
PP RUEHLMC  
DE RUEHMU #2691/01 3472018  
ZNY CCCCC ZZH  
P 132018Z DEC 06  
FM AMEMBASSY MANAGUA  
TO RUEHC/SECSTATE WASHDC PRIORITY 8434  
INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE PRIORITY  
RUEHCV/AMEMBASSY CARACAS PRIORITY 0866  
RUEHLMC/MILLENNIUM CHALLENGE CORP WASHDC PRIORITY  
RUCPDO/DEPT OF COMMERCE WASHINGTON DC PRIORITY  
RUEAIIA/CIA WASHDC PRIORITY  
RHEHNSC/NSC WASHINGTON DC PRIORITY  
RHEFDIA/DIA WASHINGTON DC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 MANAGUA 002691

SIPDIS

SIPDIS

DEPARTMENT FOR WHA/CEN

E.O. 12958: DECL: 12/13/2016

TAGS: [PREL](#) [PGOV](#) [PINR](#) [KDEM](#) [NU](#)

SUBJECT: FSLN TRANSITION TEAM SEEKS SOCIAL INVESTMENT,  
POVERTY ALLEVIATION, AND ECONOMIC/AGRICULTURAL DEVELOPMENT  
ASSISTANCE

REF: A. MANAGUA 2673

[1](#)B. MANAGUA 2624

[1](#)C. MANAGUA 2611

Classified By: Ambassador Paul A. Trivelli. Reasons 1.4 (B,D).

[1](#)1. (U) Summary: Ambassador and country team members recently presented an overview of USG programs and their parameters to President-elect Daniel Ortega's transition team. The Ambassador reiterated our commitment to working with a democratic Nicaraguan government that supports open markets and cooperates on security issues, noting that the protection of U.S. citizens and investments in Nicaragua is essential to ensuring bilateral cooperation. He also explained that most of our aid programs are tied to legislative requirements, for example, the annual 527 Property Waiver and Trafficking in Persons (TIP) reports. Ortega transition team members were particularly interested in USG support that promotes social investment, alleviates poverty, and fosters economic and agricultural development. The team members, who were surprised and enthused by the reach and scope of our assistance in Nicaragua, will next meet with the appropriate U.S. counterparts to discuss specific program details. End Summary.

[1](#)2. (C) On December 11, Ambassador presented a ninety-minute overview of USG programs and their parameters and distributed written materials to President-elect Daniel Ortega's transition team. Representing the Sandinista National Liberation Front (FSLN) were Rodolfo Delgado Romero, Paul Oquist, Silvio Conrado, and Samuel Santos. Santos and Oquist were clearly in command of the Ortega team, asking most of the questions and offering constructive comments. In addition to the Ambassador, the Embassy team included the DCM, USAID director, regional agricultural attache, Millennium Challenge Compact-Nicaragua (MCC) deputy director, public affairs counselor, political counselor, acting economic counselor, property office director, milgroup attache, INL-Managua director, and Peace Corps country director.

[1](#)3. (U) The Ambassador reiterated our commitment to Nicaragua and to continue our assistance programs as long as Nicaragua's government remains democratic, supports open markets, and cooperates on security issues of mutual concern. Citing current cases involving a U.S. citizen who was almost lynched by a mob, and a questionable court order on the Atlantic Coast which has halted the exploration activities of two U.S. oil firms, the Ambassador explained that the

protection of U.S. citizens and U.S. investments in Nicaragua is essential to ensuring bilateral cooperation. He also noted that Nicaraguan government cooperation is crucial to the success and viability of our health and education programs.

¶4. (U) Remarking that USG support for Nicaragua averages USD 50 million per year, plus the MCC's USD 175 million that will be disbursed over a five-year period, the Ambassador explained that most of our aid programs are tied to legislative requirements, for example, the annual 527 Property Waiver, and Human Rights, Trafficking in Persons (TIP), Religious Freedom, and counternarcotics reports. Additionally, the MCC is bound by 16 specific indicators; a participating country must remain within these parameters to remain eligible. The Ambassador added that U.S. taxpayers provide USG assistance funds, and therefore, we must account for their use and the results produced. The Ambassador further mentioned that we boost Nicaragua's development through our substantial financial contributions to the OAS, IDB, UN, and the World Bank.

¶5. (U) Embassy presenters highlighted the successful outcomes in the annual TIP report and 527 property waiver as key markers for a large part of our non-humanitarian, non-commercial assistance programs. Polcouns explained that Nicaragua had been placed on the TIP watch list in 2004, but after the GON made considerable progress in addressing Nicaragua's trafficking problems, it was raised back to Category 2. Embassy's property officer shared our concern over the new Nicaraguan property institute, National Reformed Urban and Rural Property Institute (INPUR), which transfers property resolution authority from the Executive to an independent entity and in the process, could slow or complicate property resolutions.

¶6. (U) Ortega transition team members were particularly interested in USG support that promotes social investment, alleviates poverty, and fosters economic and agricultural development. Team members requested assistance in addressing Nicaragua's energy crisis and in helping Nicaragua take better advantage of CAFTA. They also inquired whether the MCC could be expanded or additional funds provided. The USAID director and the acting economic counselor mentioned a USAID consultant and OPIC projects that may help Nicaragua address its short-term and mid-term energy needs. Regarding CAFTA, presenters highlighted the technical, environmental, and labor support programs the USG provides to Nicaragua and other CAFTA countries.

¶7. (U) The Ambassador related how a U.S. consultant working with Nicaragua's Tax Authority (DGI) was instrumental in the DGI's ability to modernize its tax collection system and substantially increase revenues. He also mentioned the role of the resident U.S. Treasury advisor who works with the Central Bank and Finance Ministry to assist Nicaragua in developing a sustainable Treasury bond system. Regarding the MCC, the Ambassador shared that the U.S. Congress is currently reviewing a proposal that would allow eligible countries to sign concurrent compacts.

BIOS  
- - -

¶8. (U) Rodolfo Delgado Romero: Delgado is a founder and the current director of FSLN-associated think tank, the Institute of Nicaraguan Studies (IEN). He received an MBA from the Central American University (UCA) and has written extensively on public administration. Delgado served on the board that was charged with liquidating the assets of the failed Sandinista-associated Interbank.

¶9. (U) Paul Oquist Kelley: Oquist is a UNDP development consultant who renounced his U.S. citizenship in the 1980s, joined the Sandinista revolution and became a Nicaraguan citizen. He expects to retire from the UNDP within a year and has requested a transfer to Managua so he can assist the new Ortega government. Along with Delgado, Oquist is a

founding member of the IEN and still serves on its board of directors. He received a PhD from UC Berkeley in political science and was a Fulbright scholar in Chile.

¶10. (C) Silvio Conrado: Conrado is a long-time financial adviser to the FSLN and former Central Bank board member. In 2003, he was charged, but acquitted by a Sandinista judge, of rape and child molestation. He was a Fulbright scholar at Rice University where he received a graduate degree in Economics. Conrado studied high school at the Christian Academy in Berkley, California. (Comment: Conrado, whose alleged engagement in child molestation and rape was mentioned in our 2003 Human Rights report, appeared a bit wary, likely because he knows that we are familiar with his case. End Comment.)

¶11. (U) Samuel Santos Lopez: Santos is the FSLN's Foreign Affairs Secretary and a candidate for foreign minister. See Ref. C for more information.

COMMENT

- - - -

¶12. (U) The assistance overview was a cordial step in our efforts to build a constructive bilateral relationship. On December 13, Santos told us that following the meeting, transition team members met to assess its outcome. They concluded the meeting was a great success and were enthused by the cooperation and assistance opportunities we presented. Santos recounted that they were surprised and pleased by the reach and scope of our assistance in Nicaragua and will next meet with the appropriate U.S. counterparts to discuss specific program details.

TRIVELLI